

Summary of a Request for Proposals (RFP) – Medicaid Utilization Review Services

Purpose of RFP: The purpose of this RFP is to procure the services of a contractor to perform Medicaid services utilization review functions that meet the requirements of Section 1152 of the Social Security Act for the KHPA.

Term: Five (5) year(s) from the date of award with five (5) optional, one (1) year renewal(s).

Justification: Utilization review for the purpose of providing methods and procedures to assure "efficiency, economy and quality of care" is required by federal law pursuant to section 1902 (a)(30)(A) thru (C) of the Social Security Act (Act) and 42 U.S.C. §1320c *et seq.*

Scope of Work: This RFP shall procure Hospital Utilization Review services for the purpose of providing methods and procedures to monitor utilization of care and services and to assure "efficiency, economy and quality of care" and to assist in the detection of fraud and abuse as required by law.

Each state must maintain a plan for utilization review of services as provided for in 42 C.F.R. §§456.50 -456.145 (Subpart C).

The utilization review services to be procured through this RFP include:

- a. Safeguarding against unnecessary or inappropriate use of Medicaid services and against excess payments;
- b. assessing the quality of those services, identify key characteristics and measures of both adverse and superior quality; and
- c. providing for the control of the utilization of services.

A State may contract with a Quality Improvement Organization (QIO) to perform the medical and utilization review functions required by law, which meet the requirements of Section 1152 of the Social Security Act.

The Department of Social and Rehabilitation Services originally issued an RFP in 1994 and awarded a contract to the present contractor for the years 1995-98 and extended that contract for two optional years through June 30, 2000. A "sole-source" contract was then awarded effective July 1, 2000 and extended every year through June 30, 2007. Continuing to "sole source" the contract is not an option.

If the contractor is a qualified peer review organization, payments are eligible for 75% FFP. For FY 2005, reviews undertaken by the current contractor resulted in recoveries of about \$8M all funds.